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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations Observer Mission in Georgia

Financial performance report for the period from 1 July 2005 to 30 June 2006 and proposed budget for the period from 1 July 2007 to 30 June 2008 of the United Nations Observer Mission in Georgia

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation for 2005/06	$34,562,100
Expenditure for 2005/06	$31,150,000
Unencumbered balance for 2005/06	$3,412,100
Appropriation for 2006/07	$33,377,900
Projected expenditure for 2006/07[a]	$32,888,200
Estimated unencumbered balance for 2006/07[a]	$489,700
Proposal submitted by the Secretary-General for 2007/08	$35,528,900
Recommendation of the Advisory Committee for 2007/08	$35,009,800

[a] Estimates as at 31 March 2007.

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I. Introduction

1. **The recommendations of the Advisory Committee on Administrative and Budgetary Questions, contained in paragraph 19 below, would entail a net reduction of $519,100 in the proposed budget for the United Nations Observer Mission in Georgia (UNOMIG) for the period from 1 July 2007 to 30 June 2008 (A/61/764 and Corr.1).**

2. The Advisory Committee's general report on administrative and budgetary aspects of peacekeeping operations will contain its views and recommendations on a number of cross-cutting issues. Consequently, in the paragraphs below, the Committee deals with resources and other items that relate specifically to UNOMIG.

3. The documents used by the Advisory Committee in its consideration of the financing of UNOMIG are listed at the end of the present report.

II. Financial performance report for the period from 1 July 2005 to 30 June 2006

4. The General Assembly, in its resolution 59/304 of 22 June 2005, appropriated to the Special Account for UNOMIG the amount of $36,380,000 for the period from 1 July 2005 to 30 June 2006, inclusive of $34,562,100 for the maintenance of the Mission, $1,486,500 for the support account for peacekeeping operations and $331,400 for the United Nations Logistics Base at Brindisi. UNOMIG expenditures for the period totalled $31,150,000 gross ($28,958,700 net), reflecting an unencumbered balance of $3,412,100 gross ($3,349,400 net), or 9.9 per cent gross (10.4 per cent net) of the appropriation.

5. The unencumbered balance of $3,412,100 reflects a net effect of decreased requirements under military and police personnel ($214,800) and operational costs ($3,608,900) and additional requirements of $411,600 for civilian personnel.

6. The unutilized funding under military and police personnel ($214,800) relates mainly to the higher than anticipated vacancy rate of United Nations police. The decreased requirements under operational costs ($3,608,900) result mainly from lower expenditures for the repair and maintenance of roads and bridges, reduced requirements for petrol, oil and lubricants, non-acquisition of equipment and vehicles, the decommissioning of one helicopter and the actual cost of the Mission's share of the transponder lease and satellite network being lower than anticipated. Additional requirements under civilian personnel ($411,600) are attributable mainly to a revision of the local salary scale for national staff effective 1 October 2005 and to an increase in the hazardous duty station allowance.

7. The comments of the Advisory Committee on individual objects of expenditure of the performance report of UNOMIG for the period from 1 July 2005 to 30 June 2006 can be found, where relevant, in the discussions of the proposed budget for UNOMIG for the period from 1 July 2007 to 30 June 2008, contained in the paragraphs below, and in its general report on the administrative and budgetary aspects of the financing of the United Nations peacekeeping operations.

8. The Committee notes that the General Assembly, in its resolution 61/264, requested the Secretary-General to submit a detailed report on after-service health

insurance to the Assembly at its sixty-third session. **Pending a decision by the General Assembly, the Committee recommends that the full amount of other income and adjustments amounting to $1,375,300, as well as a portion of the unencumbered balance amounting to $204,900 for UNOMIG for the period 2005-2006, which had been proposed for meeting after-service health insurance liabilities, be credited to Member States.**

III. Information on performance for the current period

9. The Advisory Committee was informed that, as at 31 December 2006, a total of $301,249,000 had been assessed on Member States in respect of UNOMIG since its inception. Payments received amounted to $287,898,000, leaving an outstanding balance of $13,351,000 as at 31 December 2006. The cash position of the Mission as at 2 April 2007 was $9,100,000. If the three-month operating cash reserve of $8,321,000 is taken into account, the available cash balance would amount to $779,000.

10. The Secretary-General indicates in paragraph 34 of his report of 28 September 2006 on the situation in Abkhazia, Georgia (S/2006/771) that, owing to the Mission's precarious financial situation, the reimbursement of contingent-owned equipment costs had been suspended since 1 October 2004 and the Mission continued to be in arrears. Additional information made available to the Committee indicates that reimbursement of contingent-owned equipment was made up to December 2004. **The Advisory Committee once again draws attention to the precarious financial situation of the Mission (see A/60/810, para. 10) and recommends that the General Assembly address the issue as a matter of priority.**

11. The Committee was provided with information on incumbency rates as at 31 March 2007, as follows:

Category	*Authorized*	*Encumbered*	*Vacancy rate (percentage)*
Military observers	135	126	6.7
United Nations police	18	12	33.3
International staff	116	97	16.4
National staff	191	187	2.1
United Nations Volunteers	1	1	—

12. The Advisory Committee was also provided with expenditure data as at 31 March 2007 (see annex) for the period from 1 July 2006 to 30 June 2007. This amounted to $23,507,600 gross ($22,446,600 net) against an apportionment of $33,377,900 gross ($31,150,900 net). The Secretariat estimates projected expenditures for the period from 1 April to 30 June 2007 at $9,380,600 for a total of $32,888,200 for the period from 1 July 2006 to 30 June 2007. The unspent balance is estimated at $489,700 as at 30 June 2007.

IV. Proposed budget for the period from 1 July 2007 to 30 June 2008

A. Mandate and planned results

13. The mandate of the United Nations Observer Mission in Georgia was established by the Security Council in its resolution 937 (1994) of 21 July 1994. The Security Council, by its resolution 1752 (2007), decided to extend the mandate of UNOMIG until 15 October 2007. The cost of maintaining the Mission during the financial period from 1 July 2007 to 30 June 2008 will depend on the duration of the mandate of the Mission to be approved by the Security Council for the period beyond 15 October 2007 but will be limited to the amount of the appropriations to be authorized by the General Assembly for the maintenance of UNOMIG during the financial period from 1 July 2007 to 30 June 2008.

14. The activities of the Mission during the budget period 2007/08 are grouped by component (substantive civilian, military, United Nations police and support) and its human resources have been attributed to the individual components, with the exception of executive direction and management, which are attributed to the Mission as a whole.

15. A liaison office is based in the capital city, Tbilisi, the location of the Office of the Special Representative of the Secretary-General. The Mission's headquarters is in Sukhumi, some 420 kilometres from the capital; the headquarters includes a second office for the Special Representative of the Secretary-General as well as the permanent offices of the Deputy Special Representative of the Secretary-General, the Chief Military Observer, the Senior Police Adviser, the Chief of Human Rights and the Chief Administrative Officer. The Mission's sector headquarters are located in Gali and Zugdidi.

B. Resource requirements

1. Military and police personnel

Category	*Approved 2006/07*	*Proposed 2007/08*	*Variance*
Military observers	135	135	—
United Nations police	18	20	2

16. The estimated requirements of $4,775,500 under military and police personnel costs reflect an increase of $564,800 (13.4 per cent), compared to the apportionment of $4,210,700 for 2006/07. The increase is due mainly to the planned full deployment of the authorized strength of 135 military observers, compared with the provision in the 2006/07 period, which included a delayed deployment factor of 10 per cent; to an increase in the number of police personnel from 18 to 20 and their full deployment, compared with a delayed deployment factor of 15 per cent in 2006/07; and to the higher costs of rotation travel on the basis of past experience.

17. The Advisory Committee sought clarification of the increase of United Nations police from 18 to 20 as per Security Council resolution 1494 (2003). The Committee

was informed that, in the view of the Secretariat, the proposal on the deployment of the full strength of 20 United Nations police, in addition to 2 United Nations police who function as a Senior Police Adviser (P-5 approved since the 2004/05 period) and a Deputy Senior Police Adviser (P-4 approved since 1994), did not represent an increase in the number of United Nations police over the strength authorized by the Security Council. It was also informed that military and police personnel who are charged against civilian posts (e.g. Force Commander, Deputy Force Commander, Police Commissioner and Deputy Police Commissioner) are not considered as part of the authorized military or police strength as they perform their respective functions as civilian staff of the United Nations. From a budgetary perspective, the existing policy ensures that there is no duplication in financial provision, as military and police personnel on United Nations contracts are budgeted as civilian staff at their respective grade/level and excluded from the monthly troop strength reports to ensure that no reimbursements are provided to the countries concerned.

2. Civilian personnel

Category	*Approved 2006/07*	*Proposed 2007/08*	*Variance*
International staff	116	115	(1)
National General Service staff	191	191	—
United Nations Volunteers	1	1	—
Temporary positions	2	2	—

18. The Committee notes that although the proposed staffing establishment for the financial period 2007/08 reflects a net reduction of one international post, the budgetary requirements under civilian personnel reflect an increase of $2,102,300, i.e., 11.5 per cent over the appropriation for the current period. This is primarily owing to: (a) an increase in the average salary costs for international staff, which have been derived from actual costs for the period 2005/06; (b) an increase in the hazardous duty station allowance for international staff from $1,000 to $1,300 per person per month effective 1 January 2007; (c) the revised salary scales for national staff effective 1 October 2006; (d) an increase in the hazardous duty station allowance for national staff from $195 to $251 per person per month; and (e) an increase in the number of staff deployed in Sukhumi, Gali and Zugdidi who are entitled to the hazardous duty station allowance (176 staff, compared with 174 in the 2006/07 period).

19. The Committee was informed that in line with the proposal by the Secretary-General to establish an initial charge of 8 per cent related to after-service health insurance against net base salary costs on all budget types (see A/61/730, para. 35 (b)), the proposed budget for UNOMIG includes provisions for after-service health insurance of $511,900 under common staff costs of international staff and $7,200 under general temporary assistance for one international position in the Conduct and Discipline Team. **Pending a decision by the General Assembly on the funding of after-service health insurance, the Committee recommends a reduction of $511,900 under common staff costs of international staff and $7,200 under general temporary assistance in the proposed budget of UNOMIG for the period 2007/08.**

Recommendations on posts

20. The proposed 2007/08 civilian staffing establishment provides for the abolition of one Field Service post (Fire Marshal), whose functions will be absorbed within the Security Office, on the basis of a recent review of the Mission's organizational structure. **The Committee agrees with the proposed staffing establishment of the Mission during the period 2007/08.**

3. Operational costs

Approved 2006/07	*Proposed 2007/08*	*Variance*
$10 879 800	$10 363 700	($516,100)

21. The most significant factors contributing to the total reduction of $516,100 in requirements for operational costs are as follows:

(a) A decrease of $216,100 under air transportation owing primarily to lower requirements for landing fees and ground handling charges as a result of a concession granted under the status-of-mission agreement, reduced requirements for air-crew subsistence allowance and liability insurance for two aircraft, as well as the reduction in the planned flight hours by 13 per cent, from 1,023 to 889 for two aircraft;

(b) A decrease of $193,600 under communications, attributable primarily to the replacement of fewer items of communications equipment than in the period 2006/07. The decrease also takes into account the efficiency gain resulting from the use of least-cost routing and more cost-effective cellular and satellite phone services;

(c) A decrease of $157,100 under information technology owing mainly to the acquisition and replacement of fewer items of computer equipment, as compared with the current period;

(d) A decrease of $113,200 under facilities and infrastructure owing mainly to the acquisition of fewer items of security and safety equipment and electrical equipment, as well as to reduced requirements for the maintenance and repair of roads and bridges, as compared with the period 2006/07.

22. The total estimated requirements of $10,363,700 for operational costs include a provision of $231,600 under general temporary assistance for two positions (1 P-5 and 1 NS) in the Conduct and Discipline Team and five national General Service positions for a period of six months to provide interpretation and translation services in connection with the resumption of patrols in the upper Kodori Valley. A provision of $7,200 is also made for an initial charge related to after-service health insurance, in respect of which the Committee's recommendation is contained in paragraph 19 above.

C. Other matters

23. The Advisory Committee also had before it the report of the Board of Auditors on the accounts of United Nations peacekeeping operations for the 12-month period

from 1 July 2005 to 30 June 2006[1] and the report of the Secretary-General on the implementation of the recommendations of the Board of Auditors (A/61/811). The Committee notes that UNOMIG is preparing a plan, including a list of all positions to be abolished, and is to conduct a comparative review of staff performing similar functions, to determine those who might be released at the various stages of the downsizing process to reflect operational needs (see A/61/811, para. 101). **The Committee welcomes this undertaking and intends to follow up on this matter in due course.**

V. Conclusion

24. The action to be taken by the General Assembly in connection with the financing of UNOMIG for the period from 1 July 2005 to 30 June 2006 is indicated in paragraph 21 of the performance report (A/61/700, sect. V). **The Advisory Committee recommends that the unencumbered balance of $3,412,100 as well as other income and adjustments in the amount of $1,375,300 for the period ended 30 June 2006 be credited to Member States in a manner to be determined by the General Assembly (see also paragraph 8 above).**

25. The actions to be taken by the General Assembly in connection with the financing of UNOMIG for the period from 1 July 2007 to 30 June 2008 are indicated in paragraph 25 of the budget report (A/61/764 and Corr.1, sect. IV). **Taking into account its observations in paragraph 19 above, the Advisory Committee recommends that should the Security Council decide to continue the mandate of the Mission beyond 15 October 2007, the General Assembly appropriate an amount of $35,009,800 gross for the maintenance of the Mission for the 12-month period from 1 July 2007 to 30 June 2008.**

Documentation

- Performance report on the budget of the United Nations Observer Mission in Georgia for the period from 1 July 2005 to 30 June 2006 (A/61/700)
- Budget for the United Nations Observer Mission in Georgia for the period from 1 July 2007 to 30 June 2008 (A/61/764 and Corr.1)
- Reports of the Secretary-General to the Security Council on the situation in Abkhazia, Georgia (S/2003/751 and S/2006/771)
- Report of the Secretary-General on the implementation of the recommendations of the Board of Auditors concerning United Nations peacekeeping operations for the financial period ended 30 June 2006 (A/61/811)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the financial performance report and proposed budget of the United Nations Observer Mission in Georgia (A/60/810)

[1] *Official Records of the General Assembly, Sixty-first Session, Supplement No. 5*, vol. II (A/61/5 (Vol. II)).

- **Report of the Board of Auditors on the accounts of United Nations peacekeeping operations for the 12-month period from 1 July 2005 to 30 June 2005**[1]
- **Security Council resolutions 937 (1994), 1462 (2003), 1494 (2003), 1524 (2004), 1554 (2004), 1582 (2005), 1615 (2005), 1656 (2006), 1666 (2006) and 1752 (2007)**
- **General Assembly resolutions 59/304 and 60/273 on the financing of the United Nations Observer Mission in Georgia**
- **General Assembly resolution 61/264 on liabilities and proposed funding for after-service health insurance benefits**

Annex

Current and projected expenditures for the period from 1 July 2006 to 30 June 2007

(United States dollars)

	1 July 2006 to 31 March 2007			*Projected 1 April to 30 June 2007*				
Category	*Apportionment (1)*	*Expenditure (2)*	*Unencumbered balance (3)=(1)-(2)*	*Expenditure (4)*	*Total expenditure (5)=(2)+(4)*	*Unencumbered balance[a] (6)=(1)-(5)*	*Variance (percentage) (7)=(6)÷(1)*	*Reasons for variance*
Military and police personnel								
Military observers	3 647.4	2 781.9	865.5	1 005.9	3 787.8	(140.4)	(3.8)	Full deployment of authorized strength of 135 military observers in March 2007 based on the current security situation in the field
Military contingents	64.7	64.7	—	—	64.7	—	—	
United Nations police	498.6	301.1	197.5	141.4	442.5	56.1	11.3	Full deployment of authorized strength of 18 United Nations police in March 2007 based on permission granted for deployment in Gali district
Subtotal	**4 210.7**	**3 147.7**	**1 063.0**	**1 147.3**	**4 295.0**	**(84.3)**	**(2.0)**	
Civilian personnel	—						—	
International staff	15 080.7	10 371.2	4 709.5	4 679.1	15 050.3	30.4	0.2	Revised salary scale effective 1 January 2007
National staff	3 173.5	2 274.8	898.7	942.4	3 217.2	(43.7)	(1.4)	Revised salary scale effective 1 October 2006
United Nations Volunteers	33.2	26.8	6.4	10.9	37.7	(4.5)	(13.6)	Increase in resettlement allowance and medical and life insurance rates
Subtotal	**18 287.4**	**12 672.8**	**5 614.6**	**5 632.4**	**18 305.2**	**(17.8)**	**(0.1)**	

Category	Apportionment (1)	1 July 2006 to 31 March 2007 Expenditure (2)	Unencumbered balance (3)=(1)-(2)	Projected 1 April to 30 June 2007 Expenditure (4)	Total expenditure (5)=(2)+(4)	Unencumbered balance[a] (6)=(1)-(5)	Variance (percentage) (7)=(6)÷(1)	Reasons for variance
Operational costs	—						—	
General temporary assistance	214.5	2.6	211.9	35.7	38.3	176.2	82.1	Delayed deployment of Conduct and Discipline Officer and assistant
Consultants	—	46.0	(46.0)	—	46.0	(46.0)	—	Consultant on fact-finding mission
Official travel	525.0	328.4	196.6	229.0	557.4	(32.4)	(6.2)	Increased cost of travel out of Mission area
Facilities and infrastructure	2 575.4	1 854.7	720.7	720.6	2 575.3	0.1	0.0	
Ground transportation	1 434.3	1 292.5	141.8	(74.0)	1 218.5	215.8	15.0	Residual balance remaining on the acquisition of vehicles
Air transportation	2 903.1	1 882.0	1 021.1	1 061.4	2 943.4	(40.3)	(1.4)	Increase in fuel cost from $0.55 to an average of $0.75 per litre
Communications	1 630.5	1 169.6	460.9	391.3	1 560.9	69.6	4.3	Reduced cost of communication equipment
Information technology	985.6	663.5	322.1	154.5	818.0	167.6	17.0	Reduced costs of IT equipment
Medical	46.5	58.6	(12.1)	1.4	60.0	(13.5)	(29.0)	Increased medical expenses for military observer
Special equipment	2.8	—	2.8	2.8	2.8	—	—	
Other supplies, services and equipment	562.1	389.2	172.9	78.2	467.4	94.7	16.8	Savings resulting from reduced bank charges and the non-acquisition of personal protective gear
Subtotal	**10 879.8**	**7 687.1**	**3 192.7**	**2 600.9**	**10 288.0**	**591.8**	**5.4**	
Gross requirements	**33 377.9**	**23 507.6**	**9 870.3**	**9 380.6**	**32 888.2**	**489.7**	**1.5**	
Staff assessment income	2 227.0	1 061.0	1 166.0	550.0	1 611.0	616.0	27.7	
Net requirements	**31 150.9**	**22 446.6**	**8 704.3**	**8 830.6**	**31 277.2**	**(126.3)**	**(0.4)**	
Total requirements	**33 377.9**	**23 507.6**	**9 870.3**	**9 380.6**	**32 888.2**	**489.7**	**1.5**	

[a] Estimated as at 30 June 2007.